



STATE OF UTAH
NATURAL RESOURCES
State Lands & Forestry

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Ralph A. Milles, Division Director

355 W. North Temple • 3 Triad Center • Suite 400 • Salt Lake City, UT 84180-1204 • 801-538-5508

October 20, 1986

3-4 ac.

CERTIFIED MAIL NO. P 657 352 662

Celsius Energy Company
P. O. Box 11070
Salt Lake City, UT 84147

Attention: Land Department

RE: ML 30576 Oil, Gas, and Hydrocarbon

Gentlemen:

*50 trees
PJ
Bangerter for
hand for match*

In or around the early part of 1984, Mr. John Fairbanks dba Wasatch Tar Sands or Fairbanks Hydraulics Inc. conducted mining operations on lands contained within your State lease ML 30576 Oil, Gas, and Hydrocarbon. Such operations were conducted without complete notification to this office and without the State's approval or issuance of a mining permit and were in violation of the terms and conditions of our lease agreement. Mr. Fairbanks caused considerable surface damage to these State lands and later abandoned the site in an unreclaimed status. He has proved either unwilling or unable to meet the Division's demands to clean up the property.

I understand that Celsius Energy Company, prior to the mining activity that occurred, entertained a proposal by Mr. Fairbanks to enter the lands. Please be advised that the Division of State Lands and Forestry, as Lessor, holds Celsius Energy Company as Lessee responsible for all mining activities that have occurred on lands under ML 30576. The Division hereby demands that Celsius Energy Company immediately reclaim all surface disturbances pursuant to the mining activities of Mr. John Fairbanks upon these lands. Proper remedy shall consist of the following measures:

1. Remove and haul away all dead trees and stumps from the disturbed areas.

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2. Fill in all pits and regrade all cuts to match adjacent natural contours.
3. Cover the exposed tar sands outcrop with not less than two feet of dirt.
4. Reseed all disturbed areas with a mixture of drought resistant grasses and shrubs at a concentration of not less than 50 lbs per acre.
5. Mulch all reseeded areas with wood chips, hay, or decomposable netting to prevent erosion.
6. Make payment of \$300 to the Division for the timber resources that were destroyed.

Failure to comply with this demand within 30 days from date of this letter may result in cancellation of your State lease, ML 30576, and in forfeiture of your statewide bond #SL6255032 with the American Insurance Company as surety.

Sincerely yours,

RALPH A. MILES, DIRECTOR

RAM/JTB/jg

cc: The American Insurance Company
c/o Edward F. Folland
P. O. Box 8139
Salt Lake City, UT 84108